

PROJECT OVERSIGHT REPORT

Merchandising Business System (MBS)
Washington State Liquor Control Board (WSLCB)

Report as of Date:
July 2002

Project Director: Linda Bremer
MOSTD Staff: Andy Marcelia

Executive Sponsor: Pat Kohler

Description: The 2001 Legislature authorized the Washington State Liquor Control Board (WSLCB) to replace their Point of Sale (POS) software with a commercially available product capable of managing and supporting the agency's retail business. These business activities include procurement (timely sales and marketing data), distribution (electronic tracking of shipping and handling), wholesale and special orders, and POS in the 157 state liquor stores. The project also includes implementation of data mart software to access Merchandising Business System (MBS) information. The project has two primary phases, "Requirements Definition Study" and "Solution Implementation".

The WSLCB has run a Request for Proposal (RFP) process. They intend to select a package with a strong match to WSLCB requirements and adapt their business practices to maintain a "vanilla" system. The implementation vendor will provide project management support for the project. The WSLCB staff will work closely with the vendor to ensure knowledge transfer occurs during the project.

Technology: The vendor has proposed an AIX/Oracle platform. The project will include replacement of the POS industry standard equipment in the state operated liquor stores.

Life Cycle Stage: The project will continue in the "Requirements Definition Study" phase until the contract is awarded. The LCB has named GERS Retail Systems as the apparently successful vendor. Contract negotiations are in process with assistance from the Office of the Attorney General.

Budget: The budget for this project is \$4,802,720. The LCB has created encumbrances that total \$520,000. Included in that amount is the contract for \$360,000 with the consultant, Jefferson Wells International to assist the LCB with requirements, vendor and product selection, and lab testing analysis. The remaining \$160,000 will be used for the quality assurance services contract with Sterling Associates.

Schedule: The LCB is in contract negotiations with the vendor and resolution of issues is taking longer than LCB expected.

Evaluation Period:		
Vendor Orals and Demonstrations	5/6 – 5/23/02	Complete
Announce Apparent Successful Vendor	5/24/02	Complete
Hold Debriefing Conferences (if requested)	5/28 – 6/3/02	Complete
Lab Testing	5/28 - 6/15/02	Complete
Negotiation Phase	6/17 - 6/21/02	In Process
Award Contract	6/24/02	Pending
Contract Work Commences	6/25/02	Pending

Status: The LCB project team has completed the Lab Testing activity, which is an analysis of the GERS system functionality compared to current LCB practices. All requirements were mapped to the proposed system. Gaps in functionality have been identified and evaluated by

leaders from all divisions of the LCB, meeting as a Steering Committee. The committee is grappling with the fundamental issue of whether to change LCB business processes to match a new system or to develop “add-on” workaround solutions. In the past the LCB has been able to customize their systems to their organization. The LCB realizes no package is going to be a perfect match. Another factor is that a vanilla system developed for the private sector is being considered for the public sector environment, in this case a government retail monopoly. Any customization activities performed by the vendor must also be reflected in the new contract.

The project schedule is sliding as the negotiation phase continues. The vendor's current work plan called for work to begin in the second week of July but as of the fourth week a contract has not been signed. The project funding is appropriated through the end of the fiscal year, June 2003. With the schedule sliding against this deadline, the project becomes more difficult and risky. This has caused consideration of alternatives to scope the project to fit the time available. The Executive Director will make the final decisions related to scope and functionality.

Recommendation: DIS has recommended that the LCB seek legal assistance for contract negotiations. The LCB is working with the Attorney General's Office in this regard. DIS also recommended increased staffing for the project. LCB project management is taking steps to insure appropriate resources are available and committed to the project.

Once the contract is signed an immediate task is to develop:

- project plan and schedule to determine the resources necessary to complete the project,
- budget and spending plan for the project,
- communication plan to keep interested parties, including political stakeholders, informed.

Without the above mentioned plans project risks appear to be very high. These need to be considered and mitigation strategies must be developed.